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SUBJECT: SUZER PLAZA CONTROVERSY CONTINUES

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This message was coordinated with Embassy Ankara.

1. (SBU) Summary: Istanbul's controversial Suzer Plaza skyscraper, which houses the Ritz Carlton Hotel and was partially financed by OPIC, has returned to the headlines in recent weeks. In early January, two restaurants at the building's base were targeted for partial demolition by city officials for lack of a proper building permit. In a stealth operation, a city demolition team accompanied by hundreds of policemen descended on the property without warning to enforce the judgment, as startled hotel guests watched and listened from the floors above. Then in late February, Istanbul Technical University, which owns adjoining property, filed suit to force demolition of the entire structure, basing its case on a recent decision by the Danistay (Turkey's final court for administrative decisions) that zoning permission for the property was improperly granted in the 1980s. Suzer Group officials ascribe the restaurant operation to "political hostility" to the building from high levels of the GOT and Istanbul municipality, pointing out that Mayor Kadir Topbas has recently suggested on Turkish television that Mustafa Suzer should tear down the building's top six floors. They dismiss the ITU suit as a minor "nuisance" designed to curry favor with building opponents, and predict it will fail. In the meantime, we have rebuffed Suzer Group requests that the USG weigh in with local officials on the building's behalf, suggesting instead that the group continue to use legal avenues to defend itself. End Summary.

2. (SBU) Municipality Message: The controversial (infamous in the view of many if not most Istanbullans) Suzer Plaza building returned both to the front pages of Istanbul newspapers and to Turkish courts in recent weeks. Last in the news late last year, when Prime Minister Recip Erdogan, who as Istanbul Mayor in the 1990s fought unsuccessfully to prevent its construction, pointedly refused to attend a Capital Markets Board Meeting in the Ritz Carlton Hotel, the building was also subsequently targeted by current mayor Kadir Topbas, who told a television interviewer that he would like to ask owner Mustafa Suzer to "tear the building's top six floors down." Subsequently, on January 7, a city demolitions team accompanied by hundreds of policemen descended on two restaurants at the building's lower level entrance (which is separate from the Ritz Carlton Hotel several floors above). As surprised guests watched and listened from the hotel, they demolished the restaurants' winter gardens, which they indicated had not been properly licensed. (Note: Physically the winter gardens were not part of the original fabric of the building, but were later ground-level additions to give these restaurants "open-air" premises.) In meetings with us held at their request, Suzer Group officials, including Suzer's son Serhan Suzer, challenged the municipality's legal case and argued that the action had been taken not just without warning, but in violation of a court injunction that one restaurant owner secured while his workers briefly held the demolition crew at bay.

3. (SBU) A Broader Threat? Suzer, who was accompanied by Ritz Carlton manager Allan Federer, expressed concern that the municipality would subsequently turn its attention to the building as a whole and attempt to enforce the Mayor's dictum that its height be reduced. He ascribed the municipality's actions to pressure from Ankara, noting that his family had previously enjoyed warm relations with Topbas, and asked that the USG intervene with appropriate decisionmakers, given both the presence in the building of the Ritz Carlton and the 55 million USD in OPIC financing that enabled the building to be built. In a subsequent (and unrelated) meeting with the Consul General, City Planning Chief Tankut Gundogar commented briefly on the Suzer case, noting that the restaurants were in violation of the law, and that there are "broader issues with the building." He stressed that these would be worked out in a cooperative fashion, however, and suggested that the Suzers had sought an international hotel as tenant in order to act as a buffer against any possible legal action against them.

14. (SBU) ITU Case: The furor surrounding the restaurant raid has quieted in recent weeks--indeed, in a surprising twist, we understand that a permit that will enable one restaurant to rebuild its winter garden may soon be approved--but a new front flared up in late February when Istanbul Technical University (ITU), a long-embittered building neighbor, filed suit to force its demolition. The case, which Suzer officials describe as a "nuisance," results from a recent Danistay decision that determined that Turkish officials had erred in 1984 when they removed from the site's deed a 19th-century edict by Sultan Abdulhamid prohibiting any construction upon it. The Danistay ruled that such an action could only be taken by court decision, rather than administrative fiat. Suzer officials characterize the case as meaningless, as their administrative procedure is legally defensible, and in any case can be remedied simply by recourse to the relevant court. They ascribe the case to the university's desire to curry favor with the building's powerful opponents.

15. (SBU) Comment: Consulate has kept OPIC informed of the recent developments, and remains in consultation with it and Embassy Ankara regarding the Suzer Group's request for USG advocacy. Our view is that this is now a dispute between Turkish entities and that it is not appropriate for the USG to become involved. If and when it appears that the Ritz Carlton is being targeted because it is an American company, then it would be appropriate to act, but we are far from that point, and as Tankut Gundogar indicated, it is more likely that the Ritz's presence has spared the building from more intense pressure. Given the long and tortured history of the building, we thus strongly recommend that the USG not take a role. A packet of information provided to P/E Chief by Serhan Suzer characterized the building as a "pillar of law," given the fact that it has emerged victorious from every case filed against it. Perhaps the most telling fact, however, is the number of suits involved-- 43 at that point, but now 44 and counting. End Comment.

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